

Message Text

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44

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 OMB-01 TRSE-00 CEA-01 CIEP-01 AID-05

SAM-01 IO-10 ACDA-05 /095 W
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R 301017Z MAY 75

FM AMCONSUL LUANDA

TO SECSTATE WASHDC 3610

INFO AMEMBASSY LISBON

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

C O N F I D E N T I A L LUANDA 0660

E.O. 11652: GDS

TAGS: PINT AO

SUBJECT: ONE WAY TO FINANCE A CIVIL WAR - DISCOUNT FUTURE CASH
FLOWS

1. LOCAL BANKERS REPORT BEING APPROACHED BY REPRESENTATIVES OF ALL THREE LIBERATION GROUPS WITH THE FOLLOWING INTERESTING PROPOSITION. THE MOVEMENTS SAY THE "GENERAL STAFF" OF THE INTEGRATED FORCE (TO BECOME ANGOLAN'S NEW NATIONAL ARMY) WILL RECEIVE THE ESCUDO EQUIVALENT OF US 25 MILLION DOLLARS IN MONTHLY INSTALLMENTS (I.E., US 900 THOUSAND PER MONTH PER MOVEMENT) BETWEEN NOW AND FEBRUARY, 1976. ALTHOUGH THE APPROPRIATION IS DESIGNED TO SUPPORT THE NEW ANGOLAN ARMY, THE MOVEMENTS HAVE AGREED TO SPLIT EACH MONTHLY PAYMENT EVENLY. EACH MOVEMENT, HOWEVER, WANTS TO BORROW IMMEDIATELY AND HEAVILY FROM LOCAL BANKS AGAINST THIS ANTICIPATED CASH FLOW. IN ITS "LOAN APPLICATION" FNLA TOLD AT LEAST ONE BACK THAT ZAIRE FINANCING OF FNLA HAS ALREADY TOTALLY CEASED.

2. A MIDDLE-LEVEL WHITE FNLA OFFICIAL HAS TOLD US THAT THE MONEY IS NEEDED TO BUY "HEAVY WEAPONS." (SEE LUANDA 0661).

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3. AS LONG AS ANGOLA'S PRIVATE (I.E. NOT PORTUGUESE-CONTROLLED)

FOREIGN CURRENCY RESERVES HOLD OUT - THEY'RE REPORTEDLY DOWN
TO ABOUT US 80 MILLION NOW - THE MOVEMENTS WILL PROBABLY HAVE NO
PROBLEM IN TRADING THEIR ESCUDOS FOR THE HARD CURRENCY NEEDED
FOR ARMS PURCHASES. IT WILL, HOWEVER, PROBABLY BE DONE ON A
BALANCED BASIS, THE SAME AMOUNT TO EACH GROUP.

4. COMMENT. ALTHOUGH THOSE FAMILIAR WITH THE GROUPS' ATTEMPT
TO NEGOTIATE LOANS ASSUME THE OBJECT IS ARMS PURCHASES, IT IS
NOT IMPOSSIBLE THAT ELECTIONEERING EXPENSES ARE AT LEAST
PARTIALLY THE OBJECT.
PORTER

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